Needs-Based Finance Project for Central Asia and South Caucasus (CASC)

A Project of the UNFCCC secretariat in cooperation with UN ESCAP

JENS RADSCHINSKI
Regional Lead, RCC Bangkok
**Global Reach, Regional Expertise**
Local partners with in-depth knowledge of the regional context
Global connections through the UNFCCC secretariat and other RCCs

**Strong Regional Network**
Close contacts with NGOs, financial institutions, governments, corporations, development partners, regional initiatives and other stakeholders in the region

**Dedicated Communication & Outreach Channels**
Monthly newsletter sent to more than 3500 contacts
Updated website with regional information and activities

**Flexible Scope and Structure**
The efficient RCC arrangements enables a fast deployment of staff for missions and new workstreams
Background – NEED-BASED PROJECT (NBF) Project

Under a long-term finance mandate, Parties, in decision 6/CP.23 requested the UNFCCC secretariat to explore ways and means to assist developing country Parties, in assessing their finance & investment needs and priorities, in a country-driven manner, including technological and capacity-building needs, and in translating these needs into action.

Needs-based finance project

Needs-based finance (NBF) project* aims to facilitate the access and mobilization of climate finance for the implementation of priority mitigation and adaptation needs identified by developing countries, in accordance with goals outlined in their NDCs, national adaptation plans and other relevant policies and strategies.
Progress on Sub-regional Climate Finance Strategies

**Needs-based Climate Finance:**
Developing a Regional Climate Finance Mobilization and Access Strategy
12 Sub-regions/Groups of countries over 100 countries

- **SOUTHEAST ASIA (10 countries)**
  - Validation Phase
    - Technical work (completed)
    - Validation WS in 2nd half of 2021
  - LDCs IN ASIA (7 countries)
    - Mobilization in 2nd half of 2021
    - Technical work completed

- **SOUTHERN AFRICA (16 countries)**
  - Validation Phase
    - Tech. work
    - Validation WS in 2nd half of 2020
  - South and South-West Asia
    - Technical work ongoing

- **WEST AFRICA (16 countries)**
  - Launching Phase
    - Mobilization in the 2nd half of 2021
  - Central America (7 countries)
    - Engagement Phase
    - Outreach
    - Expected launching in 2nd half of 2021

- **EAST AFRICA (8 countries)**
  - Validation Phase
    - Technical work (on-going)
    - CF WS for finance experts (Feb 2020)
    - Validation workshop/High Level CF

- **MELANESIA (4 countries)**
  - Completed. Mobilization Phase

- **Arab Region (22 countries)**
  - Validation Phase
    - Technical work (on-going)
    - Mobilization in 2nd half of 2021

- **INDIAN OCEAN IS. STATES (6 countries)**
  - Mobilization Phase
  - Tech. work (finalized)
  - Proj. pipeline development

- **Central Asia and South Caucasus**
  - Technical work ongoing

- **Central America**
  - Engagement Phase
  - Outreach
  - Expected launching in 2nd half of 2021

- **Central Asia and South Caucasus (8 countries)**
  - Technical work ongoing

- **Eastern Caribbean (6 countries)**
  - Tech. work completed

- **LDCs in Asia and Pacific**
  - Mobilization in 2nd half of 2021

- **South and South-West Asia (3 countries)**
  - Technical work ongoing

- **Regional Collaboration Centre – Bangkok**
  Promoting Climate Action in Asia and the Pacific
Needs-based finance project – phased and facilitated

Role of the secretariat

COLLABORATE
Ensuring project design is tailored to specific needs & priorities of countries

SUPPORT
Organizing, synthesizing; development of climate finance strategies and project pipelines

ASSIST
Assist in identification of stakeholders; key public & private financing institutions

PROMOTE
Linkages with relevant local, regional and international finance institutions

FACILITATE
Exchange of experiences, lessons learned dissemination of project information

Project phases

Phase I
Inception assessment

Phase II
Validation endorsement

Phase III
Mobilization access

Project phases

Phase I
Inception assessment

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Regional Collaboration Centre – Bangkok
Promoting Climate Action in Asia and the Pacific
Highly vulnerable to climate change – temperature

Projected Temperature Change

Difference from 1986–2005 mean (°C)

<table>
<thead>
<tr>
<th>Solid Color</th>
<th>Very strong agreement</th>
<th>Divergent changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>White Dots</td>
<td>Gray</td>
<td>Diagonal Lines</td>
</tr>
<tr>
<td>Strong agreement</td>
<td>Little or no change</td>
<td></td>
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</tbody>
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RCP2.6 mid 21st century

RCP2.6 late 21st century

RCP8.5 mid 21st century

RCP8.5 late 21st century
Regional context: diverse, in transition to market economy
Regional context: GHG Emissions and NDC Pledges

COUNTRY SHARE OF CENTRAL ASIA GHG EMISSIONS (MTC02E), 2018

- Kazakhstan*, 271.2, 36%
- Uzbekistan*, 232.1, 31%
- Turkmenistan, 125.1, 16%
- Georgia, 16.9, 2%
- Azerbaijan, 78.4, 10%
- Kyrgyzstan, 14.9, 2%
- Armenia*, 9.4, 1%

*Pledged Net-Zero by 2050-2060

ESTIMATED TOTAL NDC PLEDGES BY 2030 FOR CENTRAL ASIAN COUNTRIES (MTC02E)

- Kazakhstan*, 77.1, 33%
- Uzbekistan*, 74.2, 31%
- Georgia, 31.0, 13%
- Azerbaijan, 26.3, 11%
- Tajikistan, 13.4, 6%
- Kyrgyzstan, 4.6, 2%
- Armenia*, 10.3, 4%
- Turkmenistan, 0.0, 0%

*Pledged Net-Zero by 2050-2060

Source: ESCAP
Climate finance flows: sectors
Energy sector is the largest recipient of climate finance

2013 – 2018
$9.1 billion

Energy 46%
Agriculture 11%
Transport 8%
Not specified 12%
Other 23%

Note: Only climate components and principle climate activities aggregated under climate finance.
Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance flows: themes
Finance mostly supports mitigation, but adaptation rising

Note: Only climate components and principle climate activities aggregated under climate finance.
Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance: channel (2013-2018)

MDBs are the largest providers of climate finance

- Bilateral: 20%
- Multilateral development banks: 78%
- Other multilaterals: 2%

Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance flows: instruments
Debt instruments are most common

Note: Only climate components and principle climate activities aggregated under climate finance.
Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Climate finance: instruments by source (2013-2018)
MDBs largest providers, but mostly debt

Source: George Anjaparidze using data provided by UNFCCC secretariat compiled based on OECD reporting.
Summary

- Regional context – special circumstances and highly vulnerable

- **Climate finance flows** – $9.1 bn total between 2013-2018, of which 1.7 bn per year in 2018; mostly for mitigation

- **Climate finance needs** – balanced adaptation/mitigation, capacity building, finance and technology are priorities, $3.3 bn climate finance **gap per year**.

- **Climate finance sources** – 78% MDBs, 20% bilaterals

- Financial **instruments** – 89% debt, 10% grants, 1% equity

- **Regional cooperation** is an untapped opportunity
Outlook on the development of a regional climate finance strategy

• Capacity building
  o Support on institutional capacity at national and regional levels
  o Project proposals development; strengthen regional exchange of experiences
  o Criteria and priorities of multilateral institutions and donors; submission process
  o Climate Finance expertise

• Private sector engagement
  o Improve awareness across stakeholders on how to incorporate climate related considerations into investment decision making
  o Involvement of private sector and banks on climate financing is challenging but critical
  o Risk profile of investment opportunities need to better match investor appetite

• Climate finance mobilization
  o Debt-for-climate swaps; e.g forestry is a good basis for carbon sink projects
  o Art. 6; carbon pricing instruments
Outlook on the development of a regional climate finance strategy

- Possible areas for regional cooperation
  - Immediate opportunity to enhance access to existing climate finance, especially to strengthen regional initiatives in response to shared challenges and opportunities across the region.
  - Mountainous region, especially for ecosystem-based adaption (EbA) projects.
  - Some of the economic sectors most impacted are expected to be agriculture, energy, transboundary water resources, and health systems.
  - Energy, transportation, and forestry sectors are among those with the largest and most cost-effective opportunities.
  - Updated NDCs and long-term climate neutrality goal require new TNAs and new investment areas in new technologies.
Thank you!

Please contact us at RCCBangkok@unfccc.int

Or enter our website for further information:

https://unfccc.int/about-us/regional-collaboration-centres/rcc-bangkok